



DEPARTMENT OF COMMERCE

Submission for OMB Review; Comment Request

The Department of Commerce will submit to the Office of Management and Budget (OMB) for clearance the following proposal for collection of information under the provisions of the Paperwork Reduction Act (44 U.S.C. chapter 35).

Agency: U.S. Census Bureau.

Title: 2012 Survey of Business Owners.

OMB Control Number: 0607-0943.

Form Number(s): SBO-1, SBO-1S, SBO-2, SBO-2S.

Type of Request: Reinstatement, with change, of an expired collection.

Burden Hours: 149,167.

Number of Respondents: 875,000.

Average Hours Per Response: SBO-1 = 12 minutes, SBO-2 = 8 minutes.

Needs and Uses: The 2012 Survey of Business Owners and Self-Employed Persons (SBO) will provide the only comprehensive, regularly collected source of information on selected economic and demographic characteristics for businesses and business owners by gender, ethnicity, race, and veteran status. It is conducted as part of the economic census program, which is required by law to be taken every five years.

The survey was initiated following an Executive Order signed March 5, 1969, by

President Richard Nixon, which directed the Secretary of Commerce to “Establish a center for the development, collection, summarization, and dissemination of information that will be helpful to persons and organizations throughout the nation in undertaking or promoting the establishment and successful operation of minority business enterprise.” This project was later incorporated into the 1972 Economic Census and has been conducted on a quinquennial basis as part of the economic census ever since.

Government program officials, industry organization leaders, economic and social analysts, and business entrepreneurs routinely use the SBO statistics. Examples of data use include those by:

- The Small Business Administration (SBA) and the Minority Business Development Agency (MBDA) to assess business assistance needs and allocate available program resources.
- Local government commissions on small and disadvantaged businesses to establish and evaluate contract procurement practices.
- Federal, state and local government agencies as a framework for planning, directing and assessing programs that promote the activities of disadvantaged groups.
- A national women-owned business trade association to assess women-owned businesses by industry and area, and educate other industry associations, corporations and government entities.
- Consultants and researchers to analyze long-term economic and demographic shifts, and differences in ownership and performance among geographic areas.

- Individual business owners to analyze their operations in comparison to similar firms, compute their market share, and assess their growth and future prospects.

Businesses which reported any business activity on any one of the following Internal Revenue Service (IRS) tax forms will be eligible for survey selection: 1040 (Schedule C), "Profit or Loss from Business" (Sole Proprietorship); 1065, "U.S. Return of Partnership Income"; 941, "Employer's Quarterly Federal Tax Return"; 944 "Employer's Annual Federal Tax Return", or any one of the 1120 corporate tax forms.

The 2012 SBO-1 and SBO-2 questionnaires will be mailed in two phases from our processing headquarters in Jeffersonville, Indiana. Approximately 850,000 questionnaires for partnerships and corporations, which were in business in 2011, will be mailed out in the first phase scheduled to begin June 2013, with two follow-up mailings at six-week intervals. Closeout of this phase of the mailout operations is scheduled for October 2013. The second phase mailout of approximately 900,000 questionnaires to sole proprietorships and new partnerships and corporations operating in 2012 is scheduled to begin in May 2014, with two follow-ups at six-week intervals. Closeout of mailout operations is scheduled for August 2014. Upon closeout of the survey, the response data will be edited and reviewed.

For the 2012 SBO, significant changes have been made to the program. These changes include the following:

- To reduce the SBO sample size, mailing and processing costs, and

respondent burden, the Census Bureau is expanding its use of direct data substitution from existing sources, such as the American Community Survey (ACS) and the Decennial Census.

- Select businesses will be mailed the new 2012 SBO-2 short form with 39 fewer questions to answer than the 2012 SBO-1 long form.
- Spanish-language paper versions of the SBO-1 and SBO-2 forms, respectively designated as the SBO-1S and SBO-2S forms, will be available upon request.
- The first eight questions on the 2007 SBO-1 form have been reorganized into three questions on the 2012 SBO-1 and SBO-2 forms to improve navigation through these forms.
- To eliminate confusion for business owners born to American citizens overseas, the foreign-born question that asked if the owner was born in the United States has been replaced by a new question that asks if the owner was born a citizen of the United States.
- The veteran question has been revised and expanded to collect information on whether the veteran was service-disabled, served on active duty or as a reservist during the survey year, served on active duty at any time, and served on active duty after September 11, 2001. The revised and expanded wording for the veteran categories and the collection of the additional service characteristics reflects input received during consultations with many leaders in the veteran community. Input was received from, among others, the Department of Defense, the Veterans Administration, the Bureau of Labor Statistics, the U.S. House of Representatives Committee on

Veterans' Affairs, the Senate Committee on Veterans' Affairs, the Small Business Administration, the American Legion, the Veterans Entrepreneurship Task Force (VET-Force), and the American Veterans (AMVETS).

- Interest from researchers on the possible correlation between intellectual property rights and business success led to the addition of a question on whether the business owned a copyright, trademark, granted patent, or a pending patent.

Using principles of questionnaire design and methodological research, cognitive interviews were completed with eighty-three respondents in three rounds of interviews. Upon completion of each round of interviews, the interview team met, decided on the changes to the form, and made revisions based on the findings and recommendations.

The survey collects data on the gender, ethnicity, race, and veteran status for up to four persons owning the majority of rights, equity, or interest in the business. These data are needed to evaluate the extent and growth of business ownership by women, minorities, and veterans in order to provide a framework for assessing and directing federal, state, and local government programs designed to promote the activities of disadvantaged groups.

The SBA and the MBDA use the SBO data when allocating resources for their business assistance programs.

The Census Bureau merged its 2007 SBO data product with its 2007 Profile of

U.S. Exporting Companies data product to create a first-ever report that provides the ownership characteristics of classifiable U.S. exporters by gender, ethnicity, race, and veteran status, and their export values by country. This report is planned again for the 2012 data.

The data are also widely used by private firms and individuals to evaluate their own businesses and markets and to write business plans and loan application letters, by the media for news stories, by researchers and academia for determining firm characteristics, and by the legal profession in evaluating the concentration of minority businesses in particular industries and/or geographic areas.

Affected Public: Business or other for-profit; Not-for-profit institutions; State, local or Tribal governments.

Frequency: Every 5 years.

Respondent's Obligation: Mandatory.

Legal Authority: Title 13 of the United States Code (USC), Sections 131, 193, and 224.

OMB Desk Officer: Brian Harris-Kojetin, (202) 395-7314.

Copies of the above information collection proposal can be obtained by calling or writing Jennifer Jessup, Departmental Paperwork Clearance Officer, (202) 482-0336, Department of Commerce, Room 6616, 14th and Constitution Avenue, NW, Washington, DC 20230 (or via the Internet at jjessup@doc.gov).

Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice to Brian Harris-Kojetin, OMB Desk Officer either by fax (202-395-7245) or email (bharrisk@omb.eop.gov).

Dated: August 31, 2012

Glenna Mickelson,

Management Analyst, Office of the Chief Information Officer.

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